

COMPANY NO 00002364

# Keighley Fleece Mills Company Limited

Report and Financial Statements  
Year ended 30 April 2006

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**Annual report and financial statements  
for the year ended 30 April 2006**

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## **Company information**

### **Director**

Browallia Corporate Director Limited

### **Secretary**

Cybrus Limited

### **Registered office**

Bayhall Mills  
Birkby  
Huddersfield  
West Yorkshire  
HD1 5EP

### **Auditors**

RSM Robson Rhodes LLP  
Chartered Accountants  
30 Finsbury Square  
London EC2P 2YU

### **Bankers**

Bank of Scotland  
The Mound  
Edinburgh  
EH1 1YZ

### **Solicitors**

Gordons LLP  
14 Piccadilly  
Bradford  
BD1 3LX

## Director's report

The director presents the annual report and the audited financial statements of the company for the year ended 30 April 2006

### Principal activity

The principal activity of the company is the ownership and letting of commercial property

### Review of business and future developments

On 28 July 2005, the company sold its freehold property at Ambler Mill in Bradford for cash consideration of £7,545,000, generating a loss, after related costs, of approximately £780,000. As a result, rental income for the period has decreased.

### Results and dividends

The company's loss after taxation for the financial period is £2,978,928 (2005 £2,321,881). The directors do not recommend the payment of a dividend in respect of the period (2005 £Nil).

### Directors

The director who served the company during the year was as follows:

Browallia Corporate Director Limited

### Directors' interests

The director in office at 30 April 2006 had no beneficial interest in the shares of the company.

The director had no interests in the shares of any other group companies incorporated in Great Britain at any time during the year.

### Auditors

In accordance with Section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to appoint auditors annually. MacIntyre Hudson LLP will be appointed as the Company's auditors for the next financial year.

### Disclosure of information to auditors

At the date of making this report the company director, as set out on page 1, confirms the following:

- so far as the director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditors are unaware, and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

The directors have prepared this report in accordance with special provisions of Part VII of the Companies Act 1985 relating to small companies.

The director's report was approved by the sole director on 31 May 2007 and signed on its behalf by



On behalf of  
Browallia Corporate Director Limited  
Director

## **Statement of directors' responsibilities**

United Kingdom company law in the United Kingdom requires the director to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the director is required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. The director is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report to the shareholders of Keighley Fleece Mills Company Limited**

We have audited the financial statements on pages 5 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company as at 30 April 2006 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.

*RSM Robson Rhodes LLP*

**RSM Robson Rhodes LLP**  
Chartered Accountants and Registered Auditors  
London, England

**31** May 2007

**Profit and loss account**  
for the year ended 30 April 2006

	Note	Year ended 30 April 2006 £	Year ended 30 April 2005 £
<b>Turnover</b>	1	153,414	487,619
Administrative expenses		(156,779)	(270,802)
<b>Operating (loss)/profit</b>	2	(3,365)	216,817
Loss on sale of tangible fixed assets		(779,512)	1,573,842
Provision against amount due from group undertaking		(2,354,322)	(4,123,967)
<b>Loss on ordinary activities before interest</b>		(3,137,199)	(2,333,308)
Net interest receivable/(payable)	3	279,650	(95,305)
<b>Loss on ordinary activities before taxation</b>		(2,857,549)	(2,428,613)
Taxation credit on profit on ordinary activities	4	(121,379)	106,732
<b>Loss on ordinary activities after taxation</b>	11,12	(2,978,928)	(2,321,881)

All of the company's operations shown above relate to continuing operations

**Statement of total recognised gains and losses**  
for the year ended 30 April 2006

	Year ended 30 April 2006 £	Year ended 30 April 2005 £
Loss for the financial year	(2,978,928)	(2,321,881)
Unrealised surplus on revaluation of investment properties	3,440,000	1,280,000
Total recognised gains/(losses) for the financial year	461,072	(1,041,881)

**Note of historical cost profits and losses**  
for the year ended 30 April 2006

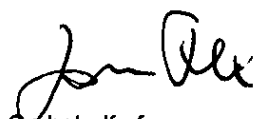
	Year ended 30 April 2006 £	Year ended 30 April 2005 £
Reported loss before taxation	(2,857,549)	(2,428,613)
Realisation of property revaluation gains of previous years	3,812,910	899,595
Historical cost profit/(loss) before taxation	955,361	(1,529,018)
Historical cost retained profit/(loss) for the year after taxation	833,982	(1,422,286)



**Balance sheet**  
at 30 April 2006

	Note	2006 £	2005 £
<b>Fixed assets</b>			
Tangible assets	5	4,805,000	8,910,000
<b>Current assets</b>			
Debtors* amounts falling due within one year	6	252,365	676,664
Cash at bank and in hand		1,968,350	1,134,942
		2,220,715	1,811,606
Creditors amounts falling due within one year	7	(1,196,738)	(2,551,346)
<b>Net current assets/(liabilities)</b>		<b>1,023,977</b>	<b>(739,740)</b>
<b>Total assets less current liabilities</b>		<b>5,828,977</b>	<b>8,170,260</b>
Creditors amounts falling due after more than one year	8	-	(2,810,000)
Provisions for liabilities and charges	9	(87,910)	(80,266)
<b>Net assets</b>		<b>5,741,067</b>	<b>5,279,994</b>
<b>Capital and reserves</b>			
Called-up equity share capital	10	36,000	36,000
Revaluation reserve	11	3,963,972	4,336,881
Other reserves – distributable	11	11,775	11,775
Retained earnings	11	1,729,320	895,338
<b>Equity shareholders' funds</b>	12	<b>5,741,067</b>	<b>5,279,994</b>

The financial statements were approved by the sole director on **31** May 2007 and signed on its behalf by



On behalf of  
Browallia Corporate Director Limited  
Director

## Notes to the financial statements for the year ended 30 April 2006

### 1. Accounting policies

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and law

#### Basis of accounting

The financial statements are prepared in accordance with the historical cost convention, as modified by the revaluation of certain land and buildings

#### Cash flow statement

During the year, the company was a wholly owned subsidiary of Förvaltnings AB Browallia and its cash flows are included in the consolidated cash flow statement of that company. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 (Revised) from publishing its own cash flow statement

#### Turnover

Turnover represents amounts received and receivable in respect of property lease rentals and is exclusive of value added tax, and arises solely in the United Kingdom

#### Tangible fixed assets and depreciation

Freehold and leasehold land and buildings are stated at valuation. All other tangible fixed assets are stated at their purchase cost together with any incidental costs of acquisition

On adoption of FRS 15 "Tangible fixed assets", the company has adopted a policy of revaluation for its land and buildings, with all properties being valued by independent, professional valuers. Full valuations are to be performed every five years, with an interim valuation in the third year intervening, and valuations in other years only to the extent that it appears a material change in value is likely. Valuations are performed on an existing use basis for properties occupied by fellow group undertakings and on an open market basis for all other properties

Investment properties are included in fixed assets at open market value, and valued on an annual basis with any surplus or deficit being taken to the revaluation reserve

Depreciation is provided on a straight line basis at the following annual rates in order to write-off fixed assets over their estimated useful lives

Freehold land	Nil
Freehold buildings	2% per annum
Leasehold buildings	2% per annum or over the period of the lease if shorter

No depreciation is provided on investment properties. This treatment may be a departure from the requirements of the Companies Act 1985 concerning the depreciation of fixed assets, but is, in the opinion of the directors, necessary for the financial statements to give a true and fair view

The effect of depreciation on value is already reflected annually in the valuation of properties, and the amount attributed to this factor by the valuers cannot reasonably be separately identified or quantified

**Notes to the financial statements  
for the year ended 30 April 2006**

**1. Accounting policies (continued)**

**Deferred taxation**

Deferred tax is provided, except as noted below, on timing differences that have arisen but not reversed by the balance sheet date, where the timing differences result in an obligation to pay more tax, or a right to pay less tax, in the future. Timing differences arise because of differences between the treatment of certain items for accounting and taxation purposes.

In accordance with FRS19 deferred tax is not provided on timing differences arising from

- a) revaluation gains on land and buildings, unless there is a binding agreement to sell them at the balance sheet date,
- b) gains on the sale of non-monetary assets, where on the basis of all available evidence it is more likely than not that the taxable gain will be rolled over into replacement assets

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Where law or accounting standards require gains and losses to be recognised in the statement of total recognised gains and losses, the related taxation is also taken directly to the statement of total recognised gains and losses in due course.

**2. Operating (loss)/profit**

The operating (loss)/profit is stated after charging

	Year ended 30 April 2006 £	Year ended 30 April 2005 £
Auditors' remuneration for		
- audit	2,000	2,000
- non-audit	640	3,000

The remuneration of the director has been borne by other group companies and no part thereof has been apportioned in respect of their services as director of the company.

The company has no other employees (2005 nil)

**3. Net interest receivable/(payable)**

	Year ended 30 April 2006 £	Year ended 30 April 2005 £
Interest receivable and similar income – bank interest	87,474	15,547
Interest receivable on loans from group companies	283,136	57,653
	370,610	73,200
Interest payable and similar charges – bank loan	(90,960)	(168,505)
<b>Net interest receivable/(payable)</b>	<b>279,650</b>	<b>(95,305)</b>

**Notes to the financial statements  
for the year ended 30 April 2006**

**4. Taxation**

	Year ended 30 April 2006 £	Year ended 30 April 2005 £
<b>Current tax</b>		
UK corporation tax at 30% (2005 30%)	1,137,349	-
Group relief	(1,023,614)	350,000
Group relief in respect of prior periods	-	(449,893)
Total current tax (credit)/charge	113,735	(99,893)
<b>Deferred tax</b>		
Origination and reversal of timing differences (note 9)	7,644	(6,839)
<b>Total tax (credit)/charge for the year</b>	<b>121,379</b>	<b>(106,732)</b>

The tax assessed for the period differs from the standard rate of corporation tax in the UK (30%)  
The differences are explained below

	Year ended 30 April 2006 £	Year ended 30 April 2005 £
<b>Loss before taxation</b>	<b>(2,857,549)</b>	<b>(2,428,613)</b>
Loss multiplied by standard rate of tax at 30% (2005 30%)	(857,264)	(728,584)
<i>Effects of</i>		
Profits not chargeable/expenses not deductible for tax purposes	2,022,257	1,281,879
Depreciation in excess of capital allowances	-	(3,440)
Group relief	(1,023,614)	(206,694)
Adjustments in respect of prior periods	-	(449,893)
<b>Current tax (credit)/charge for the year</b>	<b>121,379</b>	<b>(106,732)</b>

**Factors that may affect future tax charges**

No provision has been made for deferred tax on gains recognised on revaluing property to its market value at 30 April 2006. Due to the level of surplus tax losses within the group, it is not envisaged that any tax will become payable if the properties are sold for the revalued amount recognised in the accounts at 30 April 2006.

**Notes to the financial statements  
for the year ended 30 April 2006**

**5. Tangible fixed assets**

	Freehold land and buildings (investment properties) £	Leasehold land and buildings (investment properties) £	Total £
<b>Cost/valuation</b>			
At 1 May 2005	8,596,500	313,500	8,910,000
Disposals	(7,545,000)	-	(7,545,000)
Revaluation	3,440,000	-	3,440,000
<b>At 30 April 2006</b>	<b>4,491,500</b>	<b>313,500</b>	<b>4,805,000</b>
<b>Depreciation</b>			
At 1 May 2005 and 30 April 2006	-	-	-
<b>Net book value</b>			
At 30 April 2005	8,596,500	313,500	8,910,000
<b>At 30 April 2006</b>	<b>4,491,500</b>	<b>313,500</b>	<b>4,805,000</b>

All properties included under leasehold land and buildings are long leasehold properties

As a result of the closure during the prior year of the company's head office, all properties are now regarded as investment properties

On 21 June 2004 and 4 July 2004, independent qualified valuers revalued the majority of the company's properties. King Sturge, a firm of independent Chartered Surveyors, undertook the valuations in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. The valuations were prepared on an open market basis.

The director performed a review of the valuation of the company's remaining properties as at 30 April 2006. Based on this review, 3 of the properties were re-valued to their market value and adjustments have been made to the existing carrying values. Two of the properties, Lower Holme Mill and Midland Mill have been sold, Midland Mills is completed and Lower Holmes Mills will be completed not later than May 2007, therefore the properties have been valued to their price less estimated transaction costs. The Blacker Road, Huddersfield investment property was re-valued to the average sale price of similar houses on the same road that had sold during 2006.

These revaluations are incorporated into the financial statements and the resulting revaluation adjustments are included in the revaluation reserve.

**Notes to the financial statements  
for the year ended 30 April 2006**

**5. Tangible fixed assets (continued)**

If revalued assets were stated on the historic cost basis, the amounts would be

	Freehold land and buildings (investment properties) £	Leasehold land and buildings (investment properties) £	Total £
<b>Cost/valuation</b>			
At 1 May 2005	4,325,262	371,333	4,696,595
Disposals	3,732,090	-	3,732,090
<b>At 30 April 2006</b>	<b>593,172</b>	<b>371,333</b>	<b>964,505</b>
<b>Aggregate depreciation</b>			
At 1 May 2005 and 30 April 2006	(85,602)	(40,414)	(126,016)
<b>Net book value based on historic cost</b>			
At 30 April 2005	4,239,660	330,919	4,570,579
<b>At 30 April 2006</b>	<b>507,570</b>	<b>330,919</b>	<b>838,489</b>

**6. Debtors**

	30 April 2006 £	30 April 2005 £
<b>Amounts falling due within one year</b>		
Trade debtors	10,656	17,994
Amounts owed by group undertakings	132,632	277,083
Prepayments and accrued income	-	381,587
Other debtors	109,077	-
	<b>252,365</b>	<b>676,664</b>

**7. Creditors: amounts falling due within one year**

	30 April 2006 £	30 April 2005 £
Amounts owed to group undertakings	1,049,963	2,257,547
Corporation tax creditor	113,735	-
Trade creditors	17,983	-
Accruals and deferred income	15,057	293,799
	<b>1,196,738</b>	<b>2,551,346</b>

**8. Creditors: amounts falling due after more than one year**

	30 April 2006 £	30 April 2005 £
Secured bank loan	-	2,810,000

**Notes to the financial statements  
for the year ended 30 April 2006**

The secured bank loan was repaid in full following the disposal of Ambler Mill on 28 July 2005. The loan was secured by a fixed charge over the company's freehold property and had a variable interest rate linked to LIBOR.

**9. Provisions for liabilities and charges**

	Deferred taxation £
At 1 May 2005	80,266
Profit and loss account	7,644
<b>At 30 April 2006</b>	<b>87,910</b>

Amounts provided in respect of deferred taxation were as follows

	30 April 2006 £	30 April 2005 £
<b>Tax effect of timing differences because of:</b>		
Capital allowances in excess of depreciation	87,910	80,266

**10. Called up share capital**

	30 April 2006 £	30 April 2005 £
<b>Authorised issued and fully paid</b>		
360 unclassified shares of £100 each	36,000	36,000

**11. Reserves**

	Revaluation reserve £	Other reserves £	Profit & loss account £
At 1 May 2005	4,336,881	11,775	895,338
Realised on disposal	(3,812,910)	-	3,812,910
Revaluation	3,440,000	-	-
Retained loss for the financial year	-	-	(2,978,928)
<b>At 30 April 2006</b>	<b>3,963,972</b>	<b>11,775</b>	<b>1,729,320</b>

**12. Reconciliation of movements in equity shareholders' funds**

	2006 £	2005 £
Retained earnings movement for the financial period	(2,978,928)	(2,321,881)
Unrealised surplus on revaluation of properties	3,440,000	1,280,000
Opening equity shareholders' funds	5,279,994	6,321,875
<b>Closing equity shareholders' funds</b>	<b>5,741,067</b>	<b>5,279,994</b>

**13. Related party transactions**

The company has taken the exemption permitted by Financial Reporting Standard No 8 from disclosure of intra-group transactions and balances as these are eliminated on consolidation in the financial statements of Christineborg Holding AB.

**Notes to the financial statements  
for the year ended 30 April 2006**

**14. Immediate and ultimate parent undertaking**

Browallia Property Company Limited, a company incorporated and registered in the United Kingdom, is the immediate parent company and does not prepare consolidated financial statements

At the year end Förvaltnings AB Browallia, which is incorporated and registered in Sweden, was the ultimate holding company. At the date of signing the financial statements, Erudite Holding S a r l, which is incorporated and registered in Luxembourg, is the ultimate holding company. However, Förvaltnings AB Browallia is still the largest group for which group accounts are drawn up. Copies of consolidated financial statements for Förvaltnings AB Browallia may be obtained from PRV, Bolagsavdelningen, 851 81 Sundsvall, Sweden. Peter Gyllenhammar is the ultimate controlling party of all companies noted above at the date of signing the financial statements.